

Executive Summary

Board of Governors Meeting, December 7, 2022

Division of Administrative Hearings (DOAH)

Topic

Citizens is requesting approval to contract with the State of Florida Division of Administrative Hearings (DOAH) to provide alternative dispute resolution services for claims that were either denied because of a determination of no coverage or contract limitations regarding the coverage amount. DOAH provides a uniform and impartial forum to resolve disputes. Cases involving such disputed claims would be heard by an administrative law judge and are typically resolved faster than litigation through the court system, which will benefit the policyholder. Either Citizens or the policyholder could demand dispute resolution through DOAH. Approval is also sought for the payment to DOAH of a total amount not to exceed \$2,000,000 during 2023 for alternative dispute resolution services under this contract.

History

At its July 13, 2022, meeting, the Board of Governors approved pursuing the new alternative dispute resolution approach involving the use of DOAH to resolve disputed claims instead of through the court system, including making the necessary filings with the Office of Insurance Regulation (OIR).

OIR has provided final approval of a new endorsement form entitled “Alternative Dispute Resolution Division Of Administrative Hearings” for all of our non-commercial policy lines. This endorsement form has an effective date of February 1, 2023, for new business and renewal business.

Citizens already has a contract with DOAH to provide dispute resolution services in the context of any bid protest. That contract has been in place since 2014. However, the new contract will be specifically for handling alternative dispute resolution services for disputed claims, as set forth in the new endorsement.

At this time, staff is only seeking approval for expenditures under this contract for 2023. The anticipated spend throughout 2023 is anticipated to be \$2 million. Staff anticipates that the utilization of DOAH as an alternative dispute resolution process will increase gradually as policy renewals occur throughout the year. The projected costs for 2023 under this contract will likely be much less than the anticipated costs for 2024 and subsequent years. Staff intends to come back before the board to obtain authorization for the projected expenditures under this contract for 2024.

Recommendation

Staff proposes that the Board of Governors:

- a) Authorize Citizens to contract with DOAH;
- b) Authorize the payment to DOAH of a total amount not to exceed \$2,000,000 in 2023 for alternative dispute resolution services under this contract; and
- c) Authorize staff to take any appropriate or necessary actions consistent with this Action Item.

Division of Administrative Hearings

 ACTION ITEM
 New Contract
 Contract Amendment
 Other _____

 CONSENT ITEM
 Contract Amendment
 Existing Contract Extension
 Existing Contract Additional Spend
 Previous Board Approval _____

 Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

- Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Approval to enter into a contract for alternative dispute resolution services as described in the accompanying Executive Summary: Division of Administrative Hearings. Budget approval is also sought for the first year, for a total amount not to exceed \$2,000,000.
Purpose/Scope	Staff recommendation to the Board of Governors for approval to enter into a contract with DOAH as well as budget approval for the first year.
Contract ID	Title: Administrative Law Judge Services Contract (Division of Administrative Hearings)
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Procurement Method	Not applicable. The Division of Administrative Hearings has express statutory authority to enter into contracts with governmental entities, including Citizens, for dispute resolution services.
Contract Amount	A total amount not to exceed \$2,000,000 for the first year.
Contract Terms	As set forth in the accompanying Executive Summary: Division of Administrative Hearings. Citizens anticipates being billed on a per case basis.

Division of Administrative Hearings

Board Recommendation	Citizens' Staff proposes that the Board of Governors: a) Authorize Citizens to contract with DOAH; b) Authorize the payment to DOAH of a total amount not to exceed \$2,000,000 in 2023 for alternative dispute resolution services under this contract; and c) Authorize staff to take any appropriate or necessary action consistent with this Action Item
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